

## Message Text

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ACTION EB-07

INFO OCT-01 AF-10 ARA-06 EA-07 EUR-12 NEA-10 ISO-00

AGR-05 L-03 FRB-03 OMB-01 ITC-01 SP-02 USIA-06

AID-05 CIAE-00 COME-00 INR-07 IO-13 LAB-04

NSAE-00 OIC-02 EPG-02 SIL-01 STR-04 TRSE-00

CEA-01 INT-05 /118 W

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R 030547Z JUN 77

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 576

INFO AMEMBASSY ACCRA

AMEMBASSY BRASILIA

AMEMBASSY LIBREVILLE

AMEMBASSY LISBON

AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

AMEMBASSY OSLO

AMEMBASSY PARIS

AMEMBASSY PRETORIA

USMISSION GENEVA

USMISSION USUN NEW YORK

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EO 11652: NA

TAGS: UNCTAD, EMIN, AS

SUBJ: UNCTAD COMMODITIES - MANGANESE

REF: A. CANBERRA 3553 (NOTAL), B. GENEVA 3618 (NOTAL)

1. AS FORECAST IN REF A, COMMODITY POLICY DIVISION, DEPARTMENT OF OVERSEAS TRADE HAS NOW HELD DISCUSSIONS ON MANGANESE WITH INDUSTRY (BHP) AND ON JUNE 2, PETER FIELD AND GRAHAM MACGREGOR INVITED EMBOFF FOR DISCUSSION ON GOA POLICY TOWARDS FORTHCOMING UNCTAD MEETING ON MANGANESE.

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2. BASIS FOR DISCUSSION WAS DRAFT TELEGRAM THAT FIELD INTENDING SEND WASHINGTON, LONDON, BONN, STOCKHOLM (FOR NORWAY) AND OTHERS, BUT NOT RPT NOT PRETORIA, AS HE DOES NOT WANT HIS PEOPLE STIRRING UP WATERS IN SOUTH AFRICA.

3. TELEGRAM POINTS OUT THAT TAYLOR OF BHP, WHO PARTICI-

PATED IN LAST EXPERTS GROUP IN MANGANESE (1974?), REPORTED THAT THAT MEETING SAW INDUSTRY IN UNANIMOUS AGREEMENT THAT COMMODITY AGREEMENT FOR MANGANESE NOT FEASIBLE AND NOT DESIRABLE. TAYLOR ASSURED FIELD AND MACGREGOR THAT INDUSTRY POSITION HAD NOT RPT NOT CHANGED.

4. TELEGRAM POINTS OUT THAT PRICE STRUCTURE FOR MANGANESE HAD TENDED TO RISE MORE OR LESS SMOOTHLY AND GRADUALLY OVER THE YEARS AND THAT THERE HAD NOT RPT NOT BEEN THE VIOLENT PEAKS AND VALLEYS THAT A COMMODITY AGREEMENT WAS DESIGNED TO SMOOTH OUT.

5. TELEGRAM ALSO POINTS OUT THAT THERE ARE A NUMBER OF PRACTICAL PROBLEMS INVOLVED IN POSSIBLE MANGANESE AGREEMENT, I.E. HOW TO TREAT FERRUGINOUS MANGANESE AND MANGANESE ALLOYS. FIELD SAID THAT WHILE ON THE ONE HAND THEY OF OPINION THAT FERRUGINOUS COULD BE TREATED UNDER A POSSIBLE IRON ORE AGREEMENT, THEY EQUALLY OF THE OPINION THAT MANGANESE ALLOYS MUST BE INCLUDED IN ANY AGREEMENT ON MANGANESE.

6. CABLE AND FIELD SAID THAT DESPITE THE FOREGOING, AUSTRALIA, IN LINE WITH ITS LONG ESTABLISHED POLICY, WOULD BE WILLING TO PARTICIPATE IN A DISCUSSION TO SEE IF SOME SORT OF PRODUCER-CONSUMER FORUM MIGHT BE ESTABLISHED. TELEGRAM SAID THAT AUSTRALIA WOULD PREFER TO SEE SUCH A DISCUSSION REACH FLAT CONCLUSION THAT A COMMODITY AGREEMENT WAS NOT POSSIBLE. HOWEVER, GOA DID NOT THINK UNCTAD SECRETARIAT, G77 PRODUCERS (GABON, GHANA AND INDIA) OR SUCH NON-PRODUCER LIMITED OFFICIAL USE

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COUNTRIES WHO FLOCK TO SUCH MEETINGS, WOULD BE WILLING LET SUCH A FORTHRIGHT STATEMENT STAND. GOA ENVISAGES THEREFORE THAT IT WILL BE NECESSARY GIVE IN TO FORMATION OF EXPERTS GROUP TO CANVASS THE ALTERNATIVES FOR SOME SORT OF PRODUCER-CONSUMER FORUM. IN THIS CONNECTION, GOA WOULD LIKE TO SEE TERMS OF REFERENCE OF SUCH AN EXPERT'S GROUP WRITTEN IN SUCH A MANNER THAT IT DOES NOT WASTE TIME ON DISCUSSING POSSIBILITIES FOR A COMMODITY AGREEMENT, BUT INSTEAD DEVOTES ITS EFFORTS TO EXAMINING DESIRABILITY OF AN ORGANIZATION TO BE SET UP ALONG LINES OF INTERNATIONAL LEAD AND ZINC STUDY GROUP. GOA NOT, HOWEVER, SANGUINE THAT THIS CAN BE DONE.

7. TELEGRAM ALSO POINTS OUT THAT DISCUSSION ON NTB'S IN MANGANESE TRADE MIGHT BE USEFUL.

8. COMMENT: SPEAKING PRIVATELY, FIELD SAID THAT ALTHOUGH HE CONVINCED INDIA AND GABON WOULD PRESS FOR CONTINUED STUDY OF MANGANESE PROBLEM, THERE WAS NOT LOGICAL ECONOMIC

REASON WHY THEY SHOULD DO SO. INDIA, HE SAID, WAS WORRIED ABOUT A SHORTAGE OF MANGANESE FOR ITS OWN STEEL INDUSTRY AND HAD INITIATED EXPORT CONTROLS AND GABON'S MINING WAS CONTROLLED BY FRENCH INTERESTS AND US STEEL, NEITHER OF WHICH COULD BE EXPECTED TO FAVOR AN AGREEMENT AND MIGHT BE EXPECTED TO LEAN ON GOG. HE SAID THAT GHANA ON THE OTHER HAND HAD UNEXPLOITED DEPOSITS OF FERRUGINOUS MANGANESE AND IT UNDERSTANDABLE WHY IT WOULD PUSH FOR AGREEMENT.  
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## Message Attributes

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